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EXCHANGE INSURANCE COMPANY SENDS REFUNDS

NASHVILLE, TN. (April 29, 2003) - More than 5,000 people will get their unused insurance premiums refunded to them by Exchange Insurance Company, which is winding down its business under the supervision of the Department of Commerce and Insurance.

Exchange has been a major writer of homeowners insurance policies for low-valued housing in this state, with 23,000 insureds. In late March, it cancelled about 5,000 policies in Tennessee and discontinued writing new business or renewing policies because of its financial instability.

Those cancelled policyholders now will receive a refund of their unused premiums in the form of checks – made out to the homeowners or to their mortgage companies, if applicable - that will be mailed either to the homeowner's mortgage company, or to the homeowner's insurance agent. There are about 5,300 checks being mailed, and they include all policies terminated March 28th, and others that were canceled in the normal course of business.

The troubled company was taken under supervision by the Department in December of 2002. The company has entered into an agreement with National Lloyds Insurance Co. to take over all the retained insurance liability incurred after April 1, 2003, for those policies still in force. Lloyds has the option of renewing those policies according to its own guidelines as they come to term.

“We are gratified that the homeowners insured by Exchange will have their unused premiums refunded in full – that doesn’t always happen when an insurer gets into financial trouble,” said Kathy Fussell, Chief Analyst for the Department of Commerce and Insurance, Insurance Division.